



**INFORMATION REQUIRED FOR CREDIT REPORTS
AND FINANCIAL STATEMENTS**

Reference HUD Handbook 4470.1 REV-2, 9/92
and CHG-1 issued 10/94

NOTE: The Mortgagee must complete this checklist, as appropriate, for each development team member, i.e., sponsor, mortgagor, general contractor. Once completed, the lender must certify completion and submit the certification with the application. The certification is provided on the last page of this checklist.

A. CREDIT REPORTS

Credit reports must be current within 30 days of the application acceptance date and must be submitted on the following:

____ 1. All sponsors.

Name

Name

____ 2. The mortgagor entity.

Name

____ 3. Principals of the mortgagor including all general partners, limited partners with a 25 percent or more interest, stockholders with a 10 percent or more interest, and officers of the corporation. (Note: If a principal is a business entity (i.e., corporation, partnership, LLC) with an operating history, a credit report will be required only on the business firm, not the owners of the firm. **If a principal does not have an operating history, a credit report is required from the next tier of ownership, within that principal, with an operating history.**)

Name

Name

____ 4. Businesses in which a sponsor, principal, or the general contractor has a principal ownership (general partner, limited partner with 25 percent or more interest, or stockholder with 10 percent or more ownership).

(a) Reports are required on all of the following:

- (1) all businesses involving pending judgement(s), legal action or suit, or bankruptcy claim.

- (2) Credit reports are required on a 10 percent statistical sampling selected by the mortgagee up to a maximum of 10 of any remaining ventures.
- (3) An additional 10 percent statistical sampling, up to a maximum of 10, if the mortgagee determines that credit reports obtained on the initial sampling contain a number of adverse findings.

___ 5. The general contractor.

Name

___ 6. The housing consultant, for cases involving nonprofit mortgagor entities.

___ 7. The following information is to be provided in all credit reports:

___ (a) The principal's name and for individuals, SSN.

___ (b) High credit, current status, required payment or payment terms, unpaid balance and payment history of each account.

___ (c) All credit and legal information that is not considered obsolete under the Fair Credit Reporting Act, such as bankruptcies, law suits, judgements, foreclosures and tax liens.

___ (d) An indication that the public records have been checked.

-- Residential Mortgage Credit Reports for individuals must also include:

___ (e) Employment and residency history for all individual credit reports.

___ (f) For Residential Mortgage Credit Reports for individuals, payment history must be in the "number of times past due" format.

-- Commercial Credit Reports must also include:

___ (g) For commercial trade reports, an operating history of the business, identification of the owners, number of employees, etc.

___ (h) UCC Filing to determine what assets have been pledged as collateral against outstanding loans. (NOTE: These assets will not be included in the working capital analysis and are not to be hypothecated.)

___ 8. Also include as a part of the required application exhibits:

___ (a) A detailed written explanation from any applicant or principal with a prior Federal default or claim or whose credit report and financial statements contain conflicting and /or adverse information.

___ (b) A letter from the affected agency, on agency letterhead and signed by an officer, stating that the delinquent Federal debt is current or satisfactory arrangements for replacement have been made.

- ____ (c) The mortgagee's reason (s) for recommendation of the applicant, which may be included in the work sheets and remarks sections of the processing documents or in a cover letter with the submission.

B. FINANCIAL STATEMENTS

- ____ 1. Individuals may submit HUD-92417. Assets and liabilities must be identified by current (within 12 months) and long term (over 12 months) portion. NOTE: For married sponsors or principals, the form must also be signed by the spouse. If spouse's signature cannot be obtained, the principal must prepare the form reflecting only those assets that are solely in their name and any liability, including those joint liabilities, for which they have any responsibility.

Name _____

2. All stocks must be clearly identified to reflect name, number of shares owned, current value, and exchange where listed. Real estate holdings must be clearly identified by property address, lienholder, purchase date, outstanding debt, monthly payment and income. Current portion (principal amount due within 1 year) must be broken out from long term debts. All assets and receivables from related parties (including other businesses in which the individual has an ownership interest) must be identified.

- ____ 3. Individuals may submit a substitute statement, provided it contains the following certification and warning:

"I HEREBY CERTIFY that the foregoing figures and statements contained herein submitted by me as agent of the mortgagor for the purpose of obtaining mortgage insurance under the National Housing Act are true and give a correct showing of _____'s (name of mortgagor) financial position as of _____ (date of financial statement).

Signed this _____ day of _____, 19____

(signature of authorized agent with name printed or typed under signature)"

Warning--HUD will prosecute false claims and statements. Conviction may result in criminal and/or civil penalties. (18 U.S.C. 1001, 1010, 1012; 31 U.S.C. 3729, 3802)

NOTE: For married individuals, the certification must also be signed by the spouse.

- ____ 4. Business entities, must submit the following separate financial statements for the last 3 years, or length of existence if less than 3 years. Statements must be signed and dated by an authorized officer of the organization and contain the schedules identified below.

- ____ (a) Balance sheet which:

- ____ (1) provides a breakdown of current and noncurrent assets and liabilities,
____ (2) identifies restricted and nonrestricted funds; and
____ (3) identifies the current portion of long-term debt.

- ____ (b) Income and expense statement that reflects:

- ___ (1) income from normal operations,
- ___ (2) investment income,
- ___ (3) other income; and
- ___ (4) total expenses.

___ (c) Statement of Changes in Financial Position or, if a fund accounting system is used, a Statement of Changes in Fund Balance.

___ 5. Supporting Schedules:

___ (a) Aging Schedule of Accounts Receivable (identify name, type of account, i.e., trade, affiliate, employee, etc., payment terms, amount, and aging information).

___ (b) Aging Schedule of Notes Receivable (identify name, type of account, payment terms, maturity date, current portion (due within 1 year or operating cycle of the business, whichever is less), past due amounts and noncurrent amounts.

___ (c) Schedule of Pledged Assets, if applicable. Identify the asset, amount pledged, and the offsetting liability.

___ (d) Schedule of Marketable Securities which identifies the name, number of shares, current market value as of the date of the statement, and exchange where listed.

___ (e) Schedule of Accounts Payable which identifies the information outlined in a above.

___ (f) Schedule of Notes and Mortgages Payable which provides the information outlined in b above.

___ (g) Schedule of Legal Proceedings, if applicable.

___ (h) In addition to the applicable schedules in paragraphs (a) through (g), general contracting firms must submit a schedule of jobs (work) in progress that identifies:

- original contract price;
- construction start date;
- construction completion date; and
- percentage of completion

___ 6. Combined or consolidated statements(s), if applicable.

NOTE: Interim financial statements and supporting schedules must be submitted if more than 3 months have lapsed since the date of the latest year's statements.

All financial statements must contain the certification of truth and accuracy and the criminal certification on the back of form HUD-92417 or the substitute statements reflected in 2. above. The certification must reference the name of the business and the date of the financial statement and be signed and dated by an authorized official of the company.

Financial statements (with supporting schedules) are required on the sponsor, mortgagor (if formed), principals of the mortgagor (including general partners, limited partners with 25 % or more ownership interest) and the general contractor. Exceptions to this are:

- A. Officers of a profit-motivated corporation do not submit financial statements unless they are: A stockholder with a 10% or more interest in the mortgagor or providing funds to meet HUD's estimated cash requirement.
- B. Officers of a nonprofit corporation do not submit financial statements unless they are providing funds to meet HUD's estimated cash requirement.
- C. Financial statements may not be required of individual ownership interest(s) if the mortgagor entity is adequately capitalized.



CONSOLIDATED FAST TRACK 2.0

MORTGAGEE'S CERTIFICATION OF COMPLETION OF CREDIT INVESTIGATION AND FINANCIAL ANALYSIS

We, as Mortgagee of the proposed application for the _____ project, certify that we have completed the above checklist and verified the information presented in the application against the information contained in the applicant's credit report(s) and financial statements. Our review included, but was not limited to:

1. Making reasonable inquiries to determine if the applicant or any principal is in default on any Federal debt, i.e., direct loans, HUD-insured loans, student loans, Small Business Administration loans, or judgement liens against property for a debt owed the Federal government,
2. Reviewed the credit reports and financial statements to determine if there are discrepancies in the information contained in them and included statements addressing the discrepancies as part of the application; and,
3. Provided the Required information addressing any adverse information reflected on the credit report(s) such as slow payments, judgements, bankruptcies, delinquent Federal debt, inc..

In addition, we have completed the Financial Analysis Worksheet for the mortgagor (and general contractor, if applicable) to determine the mortgagor's cash available for closing (and the general contractor's net working capital, if applicable). We have completed the Lenders Estimate of Cash Required Worksheet for the mortgagor.

We determined that based on the evidence/documentation provided by the mortgagor, it has sufficient funds to meet 100% of the lender's estimate of final cash requirements for closing. We certified that the mortgagor entity is established and is a fully funded single asset mortgagor entity.

Mortgagee: _____

Signature: _____

By: _____

Title: _____

Date: _____

Project Name:_____ Project Number:

FINANCIAL ANALYSIS WORKSHEET

NAME

WORKING CAPITAL	MORTGAGEE	HUD	REASON FOR ADJUSTMENT
CURRENT ASSETS			
CASH (LESS RESTRICTED)			
ACCOUNTS RECEIVABLE			
NOTES RECEIVABLE			
STOCKS AND BONDS			
OTHER:			
TOTAL ASSETS			
CURRENT LIABILITIES			
ACCOUNTS PAYABLE (TRADE)			
ACCOUNTS PAYABLE (AFF)			
NOTES PAYABLE (BANK)			
NOTES PAYABLE (OTHER)			
MORTGAGES (CURRENT PORTION)			
DUE TO OFFICERS (AFF)			
OTHER:			
TOTAL LIABILITIES			
TOTAL WORKING CAPITAL			
TOTAL AVAILABLE			
PROJECTS IN PROGRESS			
1.			
2.			
3.			
4.			
5.			
6.			
TOTAL PROJECTS IN PROGRESS			
AMOUNT AVAILABE FOR THIS PROJECT			

Signature:_____ (Mortgagee) Date:_____

- Note:
- 1) Current is defined as that portion due within 12 months
 - 2) Financial statements must contain at minimum, schedule to all of the above accounts.
 - 3) Projects in progress must reflect 5% of the outstanding contract balance on all FHA insured projects plus all potential cash obligations on other projects.
(Excluding any liabilities noted above.)